

2008 Instructions for Form 990

(Core Form)

GLOSSARY

NOTES:	<ul style="list-style-type: none">• Words in bold within a definition are defined elsewhere within the Glossary.• All section references are to the Internal Revenue Code (Title 26 of U.S. Code) or regulations under Title 26, unless otherwise specified.• Definitions are for purposes of filing Form 990 (and Schedules) only.
35% controlled entity	<p>An entity that is owned, directly or indirectly (e.g., under constructive ownership rules of section 267(c)), by a given person, such as the organization's current or former officers, directors, trustees, or key employees listed in Form 990, Part VII, Section 1, or the family members thereof (listed persons) as follows:</p> <ol style="list-style-type: none">1. A corporation in which listed persons own more than 35% of the total combined voting power;2. A partnership in which listed persons own more than 35% of the profits interest; or3. A trust or estate in which listed persons own more than 35% of the beneficial interest.
accountable plan	<p>A reimbursement or other expense allowance arrangement that satisfies the requirements of section 62(c) by meeting the requirements of business connection, substantiation, and returning amounts in excess of substantiated expenses. See Regulations section 1.62-2(c)(2).</p>
activities conducted outside the United States	<p>For purposes of Schedule F, Statement of Activities Outside the United States, include grantmaking, fundraising, unrelated trade or business, program services, or maintaining offices, employees, or agents in particular regions outside the United States.</p>
applicable tax-exempt organization	<p>A section 501(c)(3) or a section 501(c)(4) organization, or that was such an organization at any time during the 5-year period ending on the day of the excess benefit transaction.</p>
art	<p>See works of art.</p>
audited financial statement	<p>A formal opinion of an organization's financial records and practices by an independent, certified public accountant with the objective of assessing the accuracy and reliability of the organization's financial statements.</p>
audit committee	<p>A committee, generally established by the governing body of an organization, with the responsibilities to oversee the organization's financial reporting process, monitor choice of accounting policies and principles, monitor internal control processes, and oversee hiring and performance of any external auditors.</p>
board-designated endowment	<p>See quasi-endowment.</p>
bingo	<p>A game of chance played with cards that are generally printed with five rows of five squares each. Participants place markers over randomly called numbers on the cards in an attempt to form a pre-selected pattern such as a horizontal, vertical, or diagonal line, or all four corners. The first participant to form the pre-selected pattern wins the game. To be a bingo game, the game must be of the type described in which wagers</p>

are placed, winners are determined, and prizes or other property are distributed in the presence of all persons placing wagers in that game. Certain consolation bingo games within a progressive bingo game may also qualify as bingo.

bond issue

An issue of two or more bonds which are:

1. sold at substantially the same time;
2. sold pursuant to the same plan of financing; and
3. payable from the same source of funds.

See Regulations section 1.150-1(c).

business relationship

Business relationships between two persons include the following:

- 1) One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a **trustee, director, officer, key employee**, or greater-than-35% owner.
- 2) One person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the organization's tax year. Indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, key employee, or greater-than-35% owner.
- 3) The two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity.

Ownership is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

cash contributions

Contributions received in the form of cash, checks, money orders, credit card charges, wire transfers, and other transfers and deposits to a cash account of the organization.

central organization

The parent organization in a **group exemption**, which exercises general supervision and control over the **subordinate organizations** in the **group exemption**.

**CEO, executive director, or top management official
certified historic structure**

See **top management official**. "CEO" stands for chief executive officer.

Any building or structure listed in the National Register as well as any building certified as being of historic significance to a registered historic district. See section 170(h)(4)(B) for special rules that apply to **contributions** made after August 17, 2006.

church

Certain characteristics are generally attributed to churches. These attributes of a church have been developed by the IRS and by court decisions. They include: distinct legal existence; recognized creed and form of worship; definite and distinct ecclesiastical government; formal code of doctrine and discipline; distinct religious history; membership not associated with any other church or denomination; organization of ordained ministers; ordained ministers selected after completing prescribed courses of study; literature of its own; established places of worship; regular congregations; regular religious services; Sunday schools for the religious instruction

of the young; schools for the preparation of its ministers. The IRS generally uses a combination of these characteristics, together with other facts and circumstances, to determine whether an organization is considered a church for federal tax purposes. A convention or association of churches is generally treated like a church for federal tax purposes. See Publication 1828, *Tax Guide for Churches and Religious Organizations*.

closely held stock	Generally, shares of stock in a closely held company that is not available for sale to the general public or which is not widely traded (see further explanation in instructions for Part IX, line 12 and Schedule M, Non-Cash Contributions, line 10).
collections of works of art, historical treasures, and other similar assets	Include collections, as described in SFAS 116 , of works of art, historical treasures , and other similar assets held for public exhibition, education, or research in further of public service.
collectibles	Include autographs, sports memorabilia, dolls, stamps, coins, books (other than books and publications reported on line 4 of Schedule M, Non-Cash Contributions), gems, jewelry (other than costume jewelry reportable on line 5 of Schedule M).
compensation	Unless otherwise provided, all forms of cash and non-cash payments or benefits provided in exchange for services, including salary and wages, bonuses, severance payments, deferred payments, retirement benefits, fringe benefits, and other financial arrangements or transactions such as personal vehicles, meals, housing, personal and family educational benefits, below-market loans, payment of personal or family travel, entertainment, and personal use of the organization's property. See also deferred compensation, nonqualified deferred compensation, and reportable compensation .
compilation (compiled financial statements)	A compilation is a presentation of financial statements and other information that is the representation of the management or ownership of an organization and which has not been reviewed or audited by an independent accountant.
conflict of interest policy	A policy that defines conflict of interest, identifies the classes of individuals within the organization covered by the policy, facilitates disclosure of information that may help identify conflicts of interest, and specifies procedures to be followed in managing conflicts of interest. A conflict of interest arises when a person is in a position of authority over an organization, such as an officer, director or manager, may benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. For this purpose, a conflict of interest does not include questions involving a person's competing or respective duties to the organization and to another organization, such as by serving on the boards of both organizations, that do not involve a material financial interest of, or benefit to, such person.
conservation easement	A restriction on the use that may be made of, or changes made to, real property that is granted in perpetuity to a qualified organization exclusively for conservation purposes. Conservation purposes include protection of natural habitat, the preservation of open space; or the preservation of property for historic, educational, or recreational purposes. Qualified organizations include governmental units and certain tax-exempt organizations described in section 501(c)(3) that have a commitment to protect the conservation purposes of the easement and the resources to enforce the restrictions. For more information see Notice 2004-41, 2004-28 I.R.B. 31. See also qualified conservation contribution .
contributions	Unless otherwise provided, includes donations, gifts, bequests, grants, and other transfers of money or property to the extent that adequate consideration is not

provided in exchange and that the contributor intends to make a gift, whether or not made for charitable purposes. A transaction may be a partly a sale and partly a contribution. See also **cash contributions** and **noncash contributions**.

control

For purposes of determining **related organizations**, control means, in regards to nonprofit organizations, whether taxable or tax-exempt:

In the case of a parent/subsidiary relationship:

- power to remove and replace (or to appoint or elect, if such power includes a continuing power to appoint or elect periodically or in the event of vacancies) a majority of the nonprofit organization's or other organization's **directors** or **trustees**,
- management or board overlap where a majority of the subsidiary organization's directors or trustees are trustees, directors, **officers**, **employees**, or agents of the parent organization.

In the case of brother/sister nonprofit organizations:

- the same persons constitute a majority of the **members of the governing body** of both organizations.

In the case of stock corporations and other organizations with owners or persons having beneficial interests, whether such organization is taxable or tax-exempt, control means any of the following relationships:

- ownership of more than 50% of the stock (by voting power or value) of a corporation,
- ownership of more than 50% of the profits or capital interest in a partnership,
- ownership of more than 50% of the profits or capital interest in a limited liability company taxed as a partnership, regardless of the designation under state law of the ownership interests as stock, membership interests, or otherwise,
- being a managing partner or managing member in a partnership or limited liability company which has three or fewer managing partners or managing members (regardless of which partner or member has the most actual control),
- being a general partner in a limited partnership which has three or fewer general partners (regardless of which partner has the most actual control),
- being the sole member of a **disregarded entity**, or
- ownership of more than 50% of the beneficial interest in a trust.

See Regulations sections 301.7701-2, 3, and 4 for more information on classification of corporations, partnerships, **disregarded entities**, and trusts.

Control may be indirect. In other words, if the organization controls Entity A which in turn controls (under the definition of **control** above) Entity B, the organization will be treated as controlling Entity B. To determine indirect control through constructive ownership of a corporation, the principles of the rules under section 318 (relating to constructive ownership of stock) shall apply for purposes of determining constructive ownership of another entity (a partnership or trust). If an entity (X) controls an entity taxed as a partnership by being one of three or fewer partners or member, then an organization that controls X also controls the partnership.

controlled entity

An organization controlled by a **controlling organization under section 512(b)(13)**. For the definition of control in this context, see section 512(b)(13)(C) and Regulations section 1.512(c)-1(L)(4).

controlling organization under section 512(b)(13)	An exempt organization that controls a controlled entity . Section 512(b)(13) treats payments of interest, annuity, royalties, and rent from a controlled entity to a controlling organization as unrelated business taxable income under certain circumstances. For the definition of control in this context, see section 512(b)(13)(C).
credit counseling services	Include the providing of information to the general public on budgeting, personal finance, and saving and spending practices, or assisting individuals and families with financial problems by providing them with counseling. See section 501(q)(4)(A).
current year	The tax year for which the Form 990 is being filed; see also fiscal year .
defeasance escrow	An irrevocable escrow established to redeem the bonds on their earliest call date in an amount that, together with investment earnings, is sufficient to pay all the principal of, and interest and call premiums on, bonds from the date the escrow is established to the earliest call date. See Regulations section 1.141-12(d)(5).
debt management plan services	Services related to the repayment, consolidation, or restructuring of a consumer's debt, including the negotiation with creditors of lower interest rates, the waiver or reduction of fees, and the marketing and processing of debt management plans. See section 501(q)(4)(B).
deferred compensation	Compensation that is earned or accrued in, or is attributable to, one year and deferred to a future year for any reason, whether or not funded, vested, or subject to a substantial risk of forfeiture. Deferred compensation may or may not be included in reportable compensation for the current year .
director	See director or trustee .
director or trustee	A member of the organization's governing body , but only if the member has any voting rights. A member of an advisory board that does not exercise any governance authority over the organization is not considered a director or trustee.
disqualified person	<p>1. For purposes of section 4958; Form 990 Part IX; and Schedule L, Transactions With Interested Persons, Parts I and II, any person who was in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization at any time during a 5-year period ending on the date of the transaction. Persons who hold certain powers, responsibilities, or interests are among those who are in a position to exercise substantial influence over the affairs of the organization. A disqualified person includes:</p> <ul style="list-style-type: none"> • A disqualified person's family member • A 35% controlled entity of (1) a disqualified person and/or (2) family members of the disqualified person. • A donor or donor advisor to a donor advised fund • An investment advisor of a sponsoring organization <p>The disqualified persons of a supported organization include the disqualified persons of a section 509(a)(3) supporting organization that supports the supported organization.</p> <p>See Appendix G for more information on disqualified persons and 4958 excess benefit transactions.</p> <p>2. For purposes of Form 990 Schedule A, Public Charity Status and Public Support; section 4946; and section 509(a)(3), a disqualified person is:</p>

- a. A substantial contributor. A substantial contributor is any person who gave an aggregate amount of more than \$5,000, if that amount is more than 2% of the total **contributions** the foundation or organization received from its inception through the end of the year in which that person's contributions were received. If the organization is a trust, a substantial contributor includes the creator of the trust (without regard to the amount of contributions the trust received from the creator and related persons).
 - Any person who is a substantial contributor at any time generally remains a substantial contributor for all future periods even if later contributions by others push that person's contributions below the 2% figure discussed above.
 - Gifts from the contributor's spouse are treated as gifts from the contributor.
 - Gifts are generally valued at fair market value as of the date the organization received them.
- b. An **officer, director, or trustee** of the organization or any individual having powers or responsibilities similar to those of officers, directors, or trustees.
- c. An owner of more than 20% of the voting power of a corporation, profits interest of a partnership, or beneficial interest of a trust or an unincorporated enterprise that is a substantial contributor to the organization.
- d. A **family member** of an individual in the first three categories.
- e. A corporation, partnership, trust, or estate in which persons described in a through d above own more than 35% of the voting power, profits interest, or beneficial interest.

For purposes of Form 990 Schedule A, section 4946, and section 509(a)(3), **disqualified persons** do not include foundation managers or organizations described in section 509(a)(1) or 509(a)(2)).

disregarded entity/entities	An entity wholly owned by the organization that is not a separate entity for Federal tax purposes. See Regulations sections 301.7701-2 and -3.
domestic organization	A corporation or partnership is domestic if created or organized in the U.S. or under the law of the U.S. or of any state or possession. A trust is domestic if a court within the U.S. or a U.S. possession is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons (or persons in possessions of the U.S.) have the authority to control all substantial decisions of the trust.
donor advised fund	<p>A fund or account:</p> <ol style="list-style-type: none"> 1. That is separately identified by reference to contributions of a donor or donors; 2. That is owned and controlled by a sponsoring organization; and 3. For which the donor or donor advisor has or reasonably expects to have advisory privileges in the distribution or investment of amounts held in the donor advised funds or accounts because of the donor's status as a donor. <p>A donor advised fund does not include any fund or account:</p> <ol style="list-style-type: none"> 1. That makes distributions only to a single identified organization or governmental entity, or 2. In which a donor or donor advisor gives advice about which individuals receive

grants for travel, study, or other similar purposes, if:

- a. The donor or donor advisor's advisory privileges are performed exclusively by such person in his or her capacity as a committee member in which all of the committee members are appointed by the sponsoring organization;
- b. No combination of donors or donor advisors (and related persons as defined below) directly or indirectly control the committee; and
- c. All grants from the fund or account are awarded on an objective and nondiscriminatory basis following a procedure approved in advance by the board of directors of the sponsoring organization. The procedure must be designed to ensure that all grants meet the requirements of sections 4945(g)(1), (2), or (3); or

3. That the Secretary exempts from being treated as a donor advised fund because either such fund or account is advised by a committee not directly or indirectly controlled by the donor or donor advisor or such fund benefits a single identified charitable purpose. For example, see Notice 2006-109, 2006-51 I.R.B. 1121, and any future related guidance.

donor advisor

Any person appointed or designated by a donor to advise a **sponsoring organization** on the distribution or investment of amounts held in the donor's **donor advised fund** or similar account.

EIN

Employer identification number, a nine-digit number. Use Form SS-4 to apply for an EIN.

employee

Any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee, and any other individual who is treated as an employee for federal employment tax purposes under section 3121(d). See Pub. 1779, Independent Contractor or Employee, for more information.

endowment

See **term endowment**, **permanent endowment**, and **quasi endowment**. See also **SFAS 117**.

escrow or custodial account

Refers to an account (whether a segregated account at a financial institution or a set-aside on the organization's books and records) over which the organization has signature authority, in which the funds are held for the benefit of other organizations or individuals, regardless of whether the funds are reported on Part X, line 21, and regardless of whether the account is labeled as "escrow account," "custodial account," "trust account," or some similar term.

excess benefit transaction

In the case of an **applicable tax-exempt organization**, any transaction in which an excess benefit is provided by the organization, directly or indirectly to, or for the use of, any **disqualified person** as defined in section 4958. Excess benefit means the excess of the economic benefit received from the applicable organization over the consideration given (including services) by a disqualified person. See Appendix G for more information.

Donor advised fund. For a **donor advised fund**, an excess benefit transaction also includes a grant, loan, **compensation**, or similar payment from the fund to a:

- Donor or **donor advisor**
- **Family member** of a donor, or donor advisor
- **35% controlled entity** of a donor, or donor advisor
- 35% controlled entity of a family member of a donor or donor advisor.

The excess benefit in this transaction is the amount of the grant, loan, **compensation**,

or similar payments. For additional information see the Instructions for Form 4720.

Supporting organization. For any **supporting organization**, defined in section 509(a)(3), an excess benefit transaction also includes grants, loans, **compensation**, or similar payments provided by the supporting organization to a:

- Substantial contributor
- Family member of a substantial contributor
- 35% controlled entity of a substantial contributor
- 35% controlled entity of a family member of a substantial contributor.

The excess benefit in this transaction is the amount of the grant, loan, **compensation**, or similar payments. Additionally, an excess benefit transaction includes any loans provided by the supporting organization to a disqualified person (other than an organization described in section 509(a)(1), (2), or (4)).

For more information, see the Instructions for Form 4720.

exempt bond

See **tax-exempt bond**.

family member, family relationship

Unless specified otherwise, the family of an individual includes only his or her spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great grandchildren, and spouses of brothers, sisters, children, grandchildren, and great grandchildren.

FIN 48

Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109*. The organization may be required to provide in Schedule D, Supplemental Financial Statements, the text of the footnote to its **financial statements** regarding the organization's liability for uncertain tax positions under FIN 48.

financial statements

An organization's statements of revenue and expenses and balance sheet, or similar statements prepared regarding the financial operations of the organization.

fiscal year

An annual accounting period ending on the last day of a month other than December. See also **tax year** and **current year**.

foreign government

A governmental agency or entity, or a political subdivision thereof, that is not classified as a **United States** agency or **governmental unit**, regardless of where it is located or operated.

foreign individual

A person, including a U.S. citizen or resident, who lives or resides outside the **United States**. For purposes of Form 990, Part IX and Schedule F, Statement of Activities Outside the United States, a person who lives or resides outside the United States at the time the person receives a grant is a foreign individual.

foreign organization

A foreign estate or trust, nonprofit or other non-governmental organization, partnership, corporation, or other business entity that is not created or organized in the **United States** or under the laws of the United States. A foreign organization includes an affiliate that is organized as a legal entity separate from the filing organization, but does not include any branch office, account, or **employee** of the organization located outside the United States.

fundraising

See **fundraising activities**.

fundraising activities

Activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time. They include publicizing and conducting **fundraising** campaigns; maintaining donor mailing lists; conducting

fundraising events, preparing and distributing fundraising manuals, instructions, and other materials; and conducting other activities involved with soliciting **contributions** from individuals, foundations, governments, and others. Fundraising activities do not include **gaming** (other than gaming that is incidental to a fundraising activity) or the conduct of any trade or business that is regularly carried on.

fundraising events	For purposes of Schedule G, Supplemental Information Regarding Fundraising or Gaming Activities, fundraising events include dinners/dances, door-to-door sales of merchandise, concerts, carnivals, sports events, auctions, and casino nights that are not regularly carried on. Fundraising events do not include sales of gifts or goods or services of only nominal value, sweepstakes, lotteries or raffles where the names of contributors or other respondents are entered in a drawing for prizes, raffle or lotteries where prizes have only nominal value or solicitation campaigns that generate only contributions .
GAAP	See generally accepted accounting principles .
gaming	Includes (but is not limited to): bingo , pull tabs/instant bingo (including satellite and progressive bingo), Texas Hold-Em Poker and other card games, raffles, scratch-offs, charitable gaming tickets, break-opens, hard cards, banded tickets, jar tickets, pickle cards, Lucky Seven cards, Nevada Club tickets, casino nights, Las Vegas nights, and coin-operated gambling devices. Coin-operated gambling devices include slot machines, electronic video slot or line games, video poker, video blackjack, video keno, video bingo, video pull tab games, etc.
generally accepted accounting principles	The accounting principles set forth by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) that guide the work of accountants in reporting financial information and preparing audited financial statements for organizations.
governing body	The group of persons authorized under state law to make governance decisions on behalf of the organization and its shareholders or members, if applicable. The governing body is, generally speaking, the board of directors (sometimes referred to as board of trustees) of a corporation or association, or the board of trustees of a trust (sometimes referred to simply as the trustees, or trustee if only one trustee).
government official	A federal, state or local official described within section 4946(c).
governmental issuer	A State or local governmental unit which issues a tax-exempt bond .
governmental unit	A State, a possession of the United States , a political subdivision of a State or U.S. possession, the United States, or the District of Columbia. Section 170(c)(1).
grants and other assistance	Includes awards, prizes, cash allocations, stipends, scholarships, fellowships, research grants, and similar payments and distributions made by the organization during the tax year. It does not include salaries or other compensation to employees .
gross proceeds	For purposes of Schedule K, Supplemental Information on Tax Exempt Bonds, generally any sale proceeds , investment proceeds, transferred proceeds, and replacement proceeds of an issue. See Regulations section 1.148-1(b),(c).
gross receipts	See Appendix B (How to Determine Whether an Organization's Gross Receipts Are Normally \$25,000 (or \$5,000) or Less) and Appendix C, Special Test for Determining Exempt Status of Section 501(c)(7) and 501(c)(15) Organizations.
group exemption	Tax exemption of a group of organizations all exempt under the same Code section,

applied for and obtained by a **central organization** on behalf of the **subordinate organizations** under the central organization's general supervision or control. See Rev. Proc. 80-27 and Appendix E, Group Returns: Reporting Information on Behalf of the Group, for more information.

group return

A Form 990 filed by the **central organization** of a **group exemption** for two or more of the **subordinate organizations** that are in the group at the close of the central organization's **tax year**. See General Instructions and Appendix E, Group Returns: Reporting Information on Behalf of the Group, for more information.

highest compensated employee

One of the five highest compensated **employees** of the organization (including employees of a **disregarded entity** of the organization) other than **officers** or **key employees**. The five highest compensated employees are determined by the amounts of **reportable compensation** for the calendar year ending with or within the organization's **tax year**.

historical treasure

A building, structure, area, or property (real or personal) with recognized cultural, aesthetic, or historical value that is significant in the history, architecture, archeology, or culture of a country, state, or city.

hospital

For purposes of Schedule H, Hospitals, a hospital is a facility that is, or is required to be, licensed, registered or similarly recognized by a state as a hospital. This includes a hospital that is operated through a **disregarded entity** or a **joint venture** taxed as a partnership. It does not include hospitals that are located outside the **United States**. It also does not include hospitals that are operated by entities organized as separate legal entities from the organization that are taxable as a corporation for federal tax purposes (except for members of a **group exemption** included in a **group return** filed by the organization).

Hospital (or cooperative hospital service organization):

For purposes of Schedule A, Public Charity Status and Public Support, a hospital (or cooperative hospital service organization) is an organization whose main purpose is to provide hospital or medical care. For purposes of Schedule A, a rehabilitation institution or an outpatient clinic may qualify as a hospital if its principal purposes or functions are the providing of hospital or medical care, but the term does not include medical schools, medical research organizations, convalescent homes, homes for children or the aged, or vocational training institutions for handicapped individuals.

household goods

Include furniture, furnishings, electronics, appliances, linens, and other similar items. They do not include (1) food, (2) paintings, antiques, and other objects of art, (3) jewelry and gems (other than costume jewelry reportable on this line), and other collectibles.

independent contractor

A person who provides services to the organization but who is not treated as an **employee**. See Pub. 1779, Independent Contractor or Employee, for more information.

independent voting member of governing body

A **voting member of the governing body**, if all three of the following circumstances applied at all times during the organization's tax year:

1. The member was not compensated as an **officer** or other **employee** of the organization or of a **related organization** (see instructions for Schedule R, Related Organizations and Unrelated Partnerships), except as provided in the religious exception discussed in instructions for Form 990, Part VI.
2. The member did not receive total **compensation** or other payments exceeding \$10,000 during the organization's tax year from the organization or from related organizations as an **independent contractor**, other than

reimbursement of expenses under an **accountable plan** or **reasonable compensation** for services provided in the capacity as a **member of the governing body**. For example, a person who receives reasonable expense reimbursements and reasonable compensation as a **director** of the organization does not cease to be independent merely because he or she also receives payments of \$7,500 from the organization for other arrangements.

3. Neither the member, nor any **family member** of the member, was involved in a transaction with the organization (whether directly or indirectly through affiliation with another organization) that is required to be reported in Schedule L, Transactions With Interested Persons, for the organization's tax year, or in a transaction with a related organization of a type and amount that would be reportable on Schedule L if required to be filed by the related organization.

A member of the governing body is not considered to lack independence merely because of the following circumstances:

1. the member is a donor to the organization, regardless of the amount of the contribution;
2. The member has taken a bona fide vow of poverty and either (A) receives **compensation** as an agent of a **religious order** or a 501(d) religious or apostolic organization, but only under circumstances in which the member does not receive taxable income (see, e.g., Rev. Ruls. 77-290, 80-332); or (B) belongs to a religious order that receives sponsorship or payments from the organization which do not constitute taxable income to the member; or
3. the member receives financial benefits from the organization solely in the capacity of being a member of the charitable or other class served by the organization in the exercise of its exempt function, such as being a member of a section 501(c)(6) organization, so long as the financial benefits comply with the organization's terms of membership.

initial contract

A binding written contract between an **applicable tax-exempt organization** and a person who was not a **disqualified person** immediately prior to entering into the contract.

instant bingo

See **pull tabs**.

institutional trustee

A **trustee** that is not an individual or natural person but an organization. For instance, a bank or trust company serving as the trustee of a trust is an institutional trustee.

joint venture

Unless otherwise provided, a partnership, limited liability company, or other entity treated as a partnership for federal tax purposes, as described in Regulations sections 301.7701-1 through 301.7701-3.

key employee

For purposes of Form 990 reporting, an **employee** of the organization (other than an **officer, director, or trustee**) who meets all three of the following tests:

1. **\$150,000 Test.** Receives **reportable compensation** from the organization and all **related organizations** in excess of \$150,000 for the **calendar year** ending with or within the organization's **tax year**;
2. **Responsibility Test.** The employee:
 - (a) has responsibilities, powers or influence over the organization as a whole that is similar to those of officers, directors, or trustees;
 - (b) manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or

(c) has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.

3. Top 20 Test. Is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the organization and **related organizations** for the calendar year ending with or within the organization's **tax year**.

legislation

Includes action by Congress, any state legislature, any local council, or similar governing body with respect to acts, bills, resolutions, or similar items or by the public in referenda, ballot initiatives, constitutional amendments or similar procedures. It does not include actions by executive, judicial or administrative bodies.

Lobbying

See **lobbying activities**.

lobbying activities

All activities intended to influence foreign, national, state or local **legislation**. Such activities include direct lobbying (attempting to influence the legislators) and grassroots lobbying (attempting to influence legislation by influencing the general public).

maintaining offices, employees or agents

For purposes of Schedule F, Statement of Activities Outside the United States, includes principal, regional, district, or branch offices, such offices maintained by agents, and persons situated at those offices paid wages for services performed. "Agent" is defined under traditional agency principles, but does not include **volunteers**).

management company

An organization that performs management duties for another organization customarily performed by or under the direct supervision of the other organization's **officers, directors, trustees, or key employees**. These management duties include, but are not limited to, hiring, firing, and supervising personnel; planning or executing budgets or financial operations; and supervising exempt operations or **unrelated trades or businesses**.

medical research

For purposes of a medical research organization operated in conjunction with a hospital (see Schedule A, Public Charity Status and Public Support), medical research means investigations, studies and experiments performed to discover, develop, or verify knowledge relating to physical or mental diseases and impairments and their causes, diagnosis, prevention, treatment, or control.

member of the governing body

A person who serves on an organization's **governing body**, including a **director** or **trustee**, but not if the person lacks voting power.

non-cash contributions

Contributions of property, tangible or intangible, other than money. Non-cash contributions include, but are not limited to, stocks, bonds, and other **securities**; real estate; **works of art**; stamps, coins, and other **collectibles**; clothing and **household goods**; vehicles, boats, and airplanes; inventories of food, medical equipment or supplies, books, or seeds; intellectual property, including patents, trademarks, copyrights, and trade secrets; donated items that are sold immediately after donation, such as publicly traded stock or used cars; and items donated for sale at a charity auction. Non-cash contributions do not include **volunteer** services performed for the reporting organization or use of facilities.

nonexempt charitable trust

A trust that meets the following conditions:

- it is not exempt from tax under section 501(a),
- all of its unexpired interests are devoted to charitable purposes, and

- a charitable deduction was allowed for **contributions** to the trust under section 170, 545(b)(2), 642(c), 2055, 2106(a)(2), or 2522, or for amounts paid to or permanently set aside by the trust under section 642(c).

nonqualified deferred compensation

Deferred compensation that is earned pursuant to a nonqualified plan or nongovernmental section 457 plan. Different rules may apply for purposes of identifying arrangements subject to sections 83, 409A, 457(f), and 3121(v). Earned but unpaid incentive compensation may be deferred pursuant to a nonqualified deferred compensation plan.

officer

A person elected or appointed to manage the organization's daily operations, such as a president, vice-president, secretary, or treasurer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. For purposes of Form 990 reporting, treat the organization's **top management official** and top financial official (the person who has ultimate responsibility for managing the organization's finances) as officers.

"on behalf of" issuer

A corporation organized under the general nonprofit corporation law of a state whose obligations are considered obligations of a state or local **governmental unit**. See Rev. Proc. 82-26 for a description of the circumstances under which the Service will ordinarily issue an advance ruling that the obligations of a nonprofit corporation were issued on behalf of a state or local governmental unit. See also Rev. Rul. 63-20, 1963-1 C.B. 24; Rev. Rul. 59-41, 1959-1 C.B. 13; and Rev. Rul. 54-296, 1954-2 C.B. 59. An on behalf of issuer also includes any corporation organized by a state or local governmental unit specifically to issue **tax-exempt bonds** to further public purposes. See Rev. Rul. 57-187.

organization manager

For purposes of section 4958, any **officer, director, or trustee** of an **applicable tax-exempt organization**, or any individual having powers or responsibilities similar to officers, directors, or trustees of the organization, regardless of title.

permanent (true) endowment

Endowment funds that are maintained to provide a permanent source of income, with the stipulation that principal must be invested and kept intact in perpetuity, while only the income generated can be used by the organization. See **SFAS 117**.

political campaign activities

All activities that support or oppose candidates for elective federal, state or local public office. It does not matter whether the candidate is elected. A candidate is one who offers himself or is proposed by others for the public office. Political campaign activity does not include any activity to encourage participation in the electoral process, such as voter registration or voter education, provided that the activity does not directly or indirectly support or oppose any candidate.

political subdivision

A division of any state or local **governmental unit** which is a municipal corporation or which has been delegated the right to exercise part of the sovereign power of the unit. Sovereign power includes the power to make and enforce laws.

possession of the United States

Includes the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the United States Virgin Islands.

private business use

For purposes of Schedule K, Supplemental Information on Tax Exempt Bonds, use by the organization or another 501(c)(3) organization in an **unrelated trade or business**. Private business use also generally includes any use by a nongovernmental person other than a 501(c)(3) organization unless otherwise permitted through an exception or safe harbor provided under the Regulations or a revenue procedure.

private foundation	An organization described in section 501(c)(3) that is not a public charity . Some private foundations are classified as operating foundations (also known as private operating foundations) under section 4942(j)(3) or exempt operating foundations under section 4940(d)(2). A private foundation retains its private foundation status until such status is terminated under section 507. Thus, a tax-exempt private foundation becomes a taxable private foundation if its 501(c)(3) status is revoked.
proceeds	For purposes of Schedule K, Supplemental Information on Tax Exempt Bonds, generally the sale proceeds of an issue (other than those sale proceeds used to retire bonds of the issue that are not deposited in a reasonably required reserve or replacement fund). Proceeds also include any investment proceeds from investments that accrue during the project period (net of rebate amounts attributable to the project period). See Regulations section 1.141-1(b).
professional fundraising services	Services performed for the organization requiring the exercise of professional judgment or discretion consisting of planning, management, the preparation of materials (e.g., direct mail solicitation packages), the provision of advice and consulting regarding solicitation of contributions , and the direct solicitation of contributions . However, "professional fundraising" does not include purely ministerial tasks, such as printing, mailing services, or receiving and depositing contributions to a charity, such as the services provided by a bank or caging service.
program-related investment	Investments made primarily to accomplish the organization's exempt purposes rather than to produce income. Examples of program-related investments include student loans and notes receivable from other exempt organizations that obtained the funds to pursue the filing organization's exempt function.
public charity	An organization described in section 501(c)(3) and section 509(a)(1) (which cross-references sections 170(b)(1)(A)(i) through (vi)), section 509(a)(2), section 509(a)(3), or section 509(a)(4).
publicly traded securities	Generally, include common and preferred stocks, bonds (including governmental obligations such as bonds and Treasury bills), and mutual fund shares that are listed and regularly traded in an over-the-counter market or an established exchange and for which market quotations are published or are otherwise readily available. (See further explanation in instructions for Part IX, line 11 and Schedule M, Non-Cash Contributions, line 9)
pull-tabs	Includes games in which an individual places a wager by purchasing preprinted cards that are covered with pull-tabs. Winners are revealed when the individual pulls back the sealed tabs on the front of the card and compares the patterns under the tabs with the winning patterns preprinted on the back of the card. Included in the definition of pull-tabs are "instant bingo," "mini bingo," and other similar scratch-off cards. Satellite, internet, and progressive bingo are games conducted in many different places simultaneously and the winners are not all present when the wagers are placed, the winners are determined and the prizes are distributed. Revenue and expenses associated with satellite, internet, and progressive bingo should be included under this category.
qualified 501(c)(3) bond	<p>A tax-exempt bond the proceeds of which are used by a 501(c)(3) organization in furtherance of its charitable purpose. Requirements generally applicable to a qualified 501(c)(3) bond under section 145 include:</p> <ol style="list-style-type: none"> 1. all property financed by the bond issue is to be owned by a 501(c)(3) organization or a governmental unit; and

2. at least 95% of the net proceeds of the **bond issue** are used either by a **governmental unit** or a 501(c)(3) organization in activities which do not constitute **unrelated trades or businesses** (determined by applying section 513).

qualified conservation contribution

Any **contribution** of a qualified real property interest exclusively for conservation purposes. A “qualified real property interest” means any of the following interests in real property:

1. The entire interest of the donor,
2. A remainder interest,
3. A restriction (e.g., an easement), granted in perpetuity, on the use which may be made of the real property.

A “conservation purpose” means:

1. The preservation of land areas for outdoor recreation by, or the education of, the general public,
2. The protection of a relatively natural habitat of fish, wildlife, plants, or similar ecosystems,
3. The preservation of open space (including farmland and forest land) where such preservation is for the scenic enjoyment of the general public or is in accordance with governmental conservation policy, or
4. The preservation of an historically important land area or a certified historic structure.

See section 170(h) for additional information, including special rules with respect to the conservation purpose requirement for buildings in registered historic districts. See also **conservation easement**.

qualified state or local political organization

A type of political organization that meets the following requirements:

- It limits its exempt function to the selection process relating solely to any state or local public office or office in a state or local political organization;
- It is required under a state law to report to a state agency (and does report) information that otherwise would be required to be reported on Form 8872 or it is required to report under state law (and does report) at least the following information:
 - o The name and address of every person who contributes a total of \$500 or more during the calendar year and the amount of each contribution;
 - o The name and address of every person to whom the organization makes expenditures aggregating \$800 or more during the calendar year, and the amount of each expenditure; and
 - o Any additional information specified in section 527(j)(3), if the state law requires the reporting of that information to the state agency.
- The state agency makes the reports filed by the organization publicly available;
- The organization makes the reports filed with the state agency publicly available in the manner described in section 6104(d); and
- No federal candidate or office holder controls or materially participates in the direction of the organization, solicits **contributions** to the organization, or directs any of the organization's disbursements.

quasi-endowment

Funds functioning as an endowment that are established by the organization itself, either from donor or institutional funds, and which must retain the purpose and intent as specified by the donor or source of the original funds. See **SFAS 117**.

reasonable compensation.

The value that would ordinarily be paid for like services by like enterprises under like circumstances.

reasonable effort	For purposes of Part VI, lines 1b and 2; Part VII, Section A; and Schedule L, Transactions With Interested Persons, Parts III and IV, refers to a reasonable amount of effort in information gathering that the organization is expected to undertake in order to answer the question. See the specific instructions for Part VI, lines 1b and 2; Part VII, Section A; and Schedule L, Parts III and IV for examples of reasonable efforts.
refunding escrow	One or more funds established as part of a single transaction or a series of related transactions, containing proceeds of a refunding issue and any other amounts to provide for payment of principal or interest on one or more prior issues. See Regulations section 1.148-1(b).
refunding issue	An issue of obligations the proceeds of which are used to pay principal, interest, or redemption price on another issue (a prior issue), including the issuance costs, accrued interest, capitalized interest on the refunding issue, a reserve or replacement fund, or similar costs, if any, properly allocable to that refunding issue. A current refunding issue is a refunding issue that is issued not more than 90 days before the last expenditure of any proceeds of the refunding issue for the payment of principal or interest on the prior issue. An advance refunding issue is a refunding issue that is not a current refunding issue. See Regulations section 1.150-1(d)(1),(3),(4).
related organization	<p>An organization that stands in one or more of the following relationships to the filing organization:</p> <ul style="list-style-type: none"> • Parent—an organization that controls (see examples of control in definition above) the filing organization • Subsidiary—an organization controlled (see examples of control in definition above) by the filing organization • Brother/Sister—an organization controlled (see examples of control in definition above) by the same person or persons that control the filing organization • Supporting/Supported—an organization that is (or claims to be) at any time during the organization's tax year (i) a supporting organization of the filing organization within the meaning of section 509(a)(3), if the filing organization is a supported organization within the meaning of section 509(f)(3), or (ii) a supported organization, if the filing organization is a supporting organization
religious order	An organization described in Rev. Proc. 91-20.
reportable compensation	Compensation that is reported on Form W-2, box 5 (or box 1 if the employee's compensation is not reported in box 5), or Form 1099-MISC, box 7, filed for the calendar year ending with or within the organization's tax year.
research	For purposes of Schedule H, Hospitals, any study or investigation that is internally funded and/or receives funding from a tax-exempt or government entity, and of which the goal is to generate generalizable knowledge that is made available to the public, such as about underlying biological mechanisms of health and disease; natural processes or principles affecting health or illness; evaluation of safety and efficacy of interventions for disease such as clinical trials and studies of therapeutic protocols; laboratory-based studies; epidemiology, health outcomes and effectiveness; behavioral or sociological studies related to health, delivery of care, or prevention; studies related to changes in the health care delivery system; and communication of findings and observations (including publication in a medical journal).
review of financial	An examination of an organization's financial records and practices by an independent

statements	accountant with the objective of assessing whether the financial statements are plausible, without the extensive testing and external validation procedures of an audit.
school	An organization the primary function of which is the presentation of formal instruction, and which regularly has a faculty, curriculum, an enrolled body of students, and a place where educational activities are regularly conducted.
security/securities	Any bond, debenture, note, or certificate or other evidence of indebtedness issued by a corporation or a government or political subdivision , share of stock, voting trust certificate, or any certificate of interest or participation in, certificate of deposit or receipt for, temporary or interim certificate for, or warrant or right to subscribe to or purchase, any of the foregoing.
SFAS 116	Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made.
SFAS 117	Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations.
short accounting period	An accounting period of less than 12 months, which exists when an organization changes its annual accounting period, and which may exist in its initial or final year of existence (see tax year).
short period	See short accounting period .
significant disposition of net assets	<p>A disposition of net assets, consisting of a sale, exchange, disposition or other transfer of more than 25% of the fair market value of the organization's net assets during the year, regardless of whether the organization received full or adequate consideration. A significant disposition of net assets involves:</p> <ol style="list-style-type: none"> 1. One or more dispositions during the organization's tax year amounting to more than 25% of the fair market value of the organization's net assets as of the beginning of its tax year; or 2. One of a series of related dispositions or events commenced in a prior year, that when combined comprise more than 25% of the fair market value of the organization's net assets as of the beginning of the tax year when the first disposition in the series was made. Whether a significant disposition of net assets occurred through a series of related dispositions depends on the facts and circumstances in each case. <p>Examples of the types of transactions that are "a significant disposition of net assets" required to be reported in Schedule N, Liquidation, Termination, Dissolution or Significant Disposition of Assets, Part II include:</p> <ul style="list-style-type: none"> • taxable or tax-free sales or exchanges of exempt assets for cash or other consideration (such as a social club described in section 501(c)(7) selling land or an exempt organization selling assets it had used to further its exempt purposes); • sales, contributions or other transfers of assets to establish or maintain a partnership, joint venture, or a corporation (for-profit or nonprofit), regardless of whether such sales or transfers are governed by section 721 or section 351, whether or not the transferor receives an ownership interest in exchange for the transfer;

- Sales of assets by a partnership or joint venture in which the exempt partner has an ownership interest;
- transfers of assets pursuant to a reorganization in which the organization is a surviving entity; and
- a contraction of net assets resulting from a grant or charitable contribution of assets to another organization described in section 501(c)(3).

sponsoring organization	Any organization which: <ul style="list-style-type: none"> - is described in section 170(c), except for governmental entities or organizations described in section 170(c)(1) or 170(c)(2)(A); - is not a private foundation as defined in section 509(a); and - maintains one or more donor advised funds.
state of legal domicile	For a corporation, enter the state of incorporation (country of incorporation for a foreign corporation formed outside the U.S.). For a trust or other entity, enter the State whose law governs the organization's internal affairs (the foreign country whose law governs for a foreign organization other than a corporation).
subordinate organization	One of the organizations, typically local in nature, that is recognized as exempt in a group exemption ruling, and is subject to the general supervision and control of a central organization .
supported organization	A public charity described in section 509(a)(1) or 509(a)(2)) that is supported by a supporting organization described in section 509(a)(3).
supporting organization	A public charity described in section 509(a)(3). A supporting organization is organized and operated to support supported organizations . Supporting organizations are classified as either Type I (operated, supervised, or controlled by one or more supported organizations), Type II (supervised or controlled in connection with one or more supported organizations), Type III functionally integrated (operated in connection with one or more supported organizations, if the supporting organization's activities perform the functions of, or carrying out the purposes of, such supported organizations, and but for the supporting organization's involvement, such activities would normally be engaged in by the supported organizations themselves), or Type III other (operated in connection with one or more supported organizations and not functionally integrated).
tax-exempt bond	An obligation issued by or on behalf of a governmental issuer on which the interest paid is excluded from the holder's gross income under section 103. For this purpose, a bond can be in any form of indebtedness under federal tax law, including a bond, note, loan, or lease-purchase agreement.
tax year	The annual accounting period for which the Form 990 is being filed, whether the calendar year ending December 31 st or a fiscal year ending on the last day of any other month. The organization may have a "short" tax year in its first year of existence, in any year when it changes its annual accounting period (e.g., from December 31 year-end to a June 30 year-end), and in its last year of existence, e.g., when it merges into another organization or dissolves. See also current year , fiscal year , and short period .
term endowment	An endowment fund maintained to provide a source of income for either a specified period of time or until a specific event occurs. See SFAS 117 .
top management official	A person who has ultimate responsibility for implementing the decisions of the

organization's **governing body** or for supervising the management, administration, or operation of the organization; for example, the organization's CEO or executive director.

Top financial official	The person who has ultimate responsibility for managing the organization's finances.
total assets	The amount reported in Form 990, Part X, line 16, column (B).
trustee	See director or trustee .
United States	Unless otherwise provided, includes the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the United States Virgin Islands.
unrelated business	See unrelated trade or business .
unrelated business income	Income from an unrelated trade or business as defined in section 513.
unrelated business gross income	Gross income from an unrelated trade or business as defined in section 513.
unrelated organization	An organization that is not a related organization with respect to the filing organization.
unrelated trade or business	Any trade or business, the conduct of which is not substantially related to the exercise or performance by the organization of its charitable, educational, or other purpose or function constituting the basis for its exemption. See Publication 598 and Form 990-T Instructions for a discussion of what is an unrelated trade or business.
U.S. possession	See possession of the United States .
volunteer	A person who serves the organization without compensation. "Compensation" for this purpose includes tips and non-cash benefits, except for: <ul style="list-style-type: none">• reimbursement of expenses under an accountable plan,• liability insurance coverage for acts performed on behalf of the exempt organization, and• de minimis fringe benefits.
voting member of the governing body	A member of the organization's governing body with power to vote on all matters that may become before the governing body (other than a conflict of interest that disqualifies the member from voting).
works of art	Include paintings, sculptures, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, photography, film, video, installation and multimedia arts, rare books and manuscripts, historical memorabilia, and other similar objects. Art does not include collectibles .
year of formation	The year in which the organization was created or formed under applicable state law (if a corporation, the year of incorporation).